

**EXHIBIT 123 TO
HARVEY DECLARATION
REDACTED VERSION**

Produced in Native

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WORK IN PROGRESS



Project Big Bang: Compensation Levers to Address Attrition

OC Meeting #2: August 31, 2010

Agenda



Attrition remains a growing concern



Overall quarterly attrition is increasing, with 4Q trailing total at [REDACTED] (regretted at [REDACTED])



Forever attrition generally tracks to broad regretted with 4Q trailing at [REDACTED]



Facebook counteroffer win rate [REDACTED]



1Q07 2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09 2Q09 3Q09 4Q09 1Q10 2Q10 3Q10

In the past year, the majority of Eng/Ops and Product regretted exits [REDACTED]



OC Discussion:

What is an acceptable level of regretted attrition?

Attrition could be partially mitigated through compensation levers



Compensation Lever	Guiding Principles Discussion	Proposal & Rationale
<div></div>		

1. Conjoint 2008 2. Googlegeist 2009 3. Ruff 2010: Employees on avg save ~25%, independent of current salary, across all levels 4. Post Jul19 aggressive FB strategy; n =16 5. Sales critical talent program made increases on 1-Jan-10 to 149 participants; [REDACTED] retention to date (4 attrites)

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3

New proposal may reduce attrition and provides meaningful salary increases while limiting margin impact and keeping cost neutral



OC
Asks



Proposal

Salary

Bonus

Equity Refresh

Total Comp

Retention Hook

Spend &
Op Margin
Impact

Google
Impact

1. Operating margin impact reflects 2010 forecast as of July 7; revenue = [REDACTED], non-GAAP operating margin = [REDACTED], operating margin = [REDACTED] 2. Subject to Board approval

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For call discussion – not for OC deck



▼ INPUTS

Perf Rating	Current IM	Proposed IM
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All monetary amounts in 000s USD
Assumes CM = [redacted]



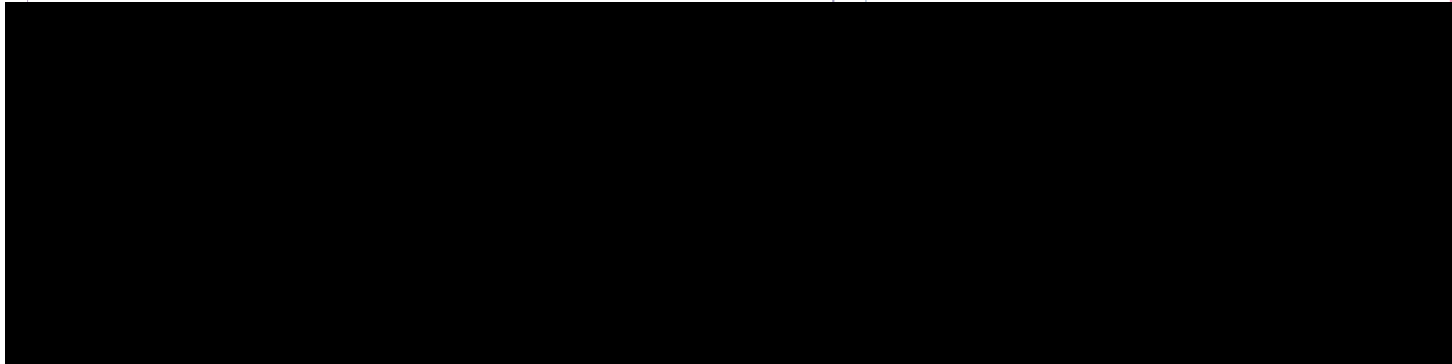
1. Using average of ratings from Q3 2009 - Q2 2010

For call discussion – not for OC deck



2010 Equity Spend¹

	Vehicle	YTD	Remaining	Expected	Surplus	Surplus
Equity Program	(ratios in options : GSUs)	Spend	Dilution ²	Spend ³	Dilution	Value ⁴



- 1) Dilution assumes total common stock outstanding of [REDACTED] shares at the end of 2010
- 2) Assuming a stock price of [REDACTED] and all remaining grants are in GSUs, [REDACTED] remains in the equity budget
- 3) Expected spend from August 18, 2010 to December 31, 2010
- 4) Expected surplus at the end of the year given proforma projection of equity spend through 12/31/2010

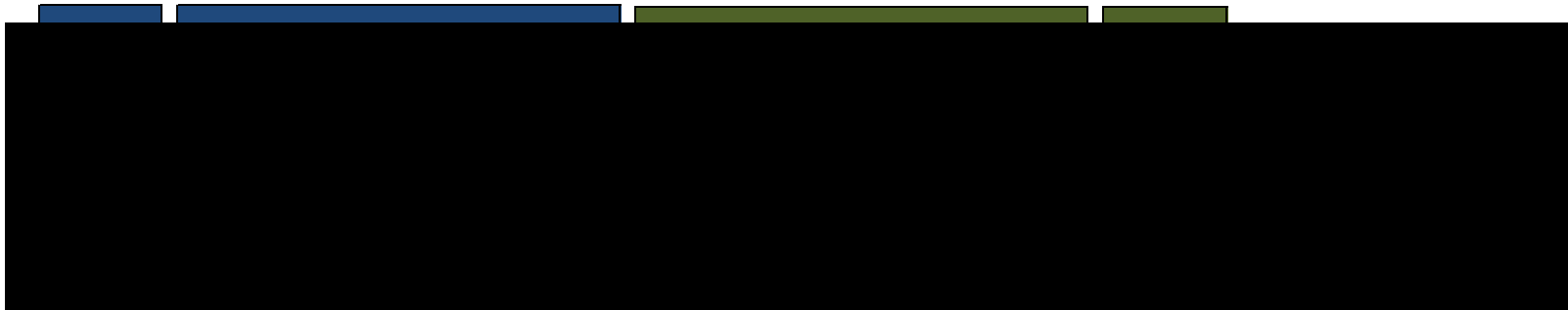
Example compensation mechanics impact under cash and equity bang to SWE ladder



Software Engineer
US Premium, Individual Contributor

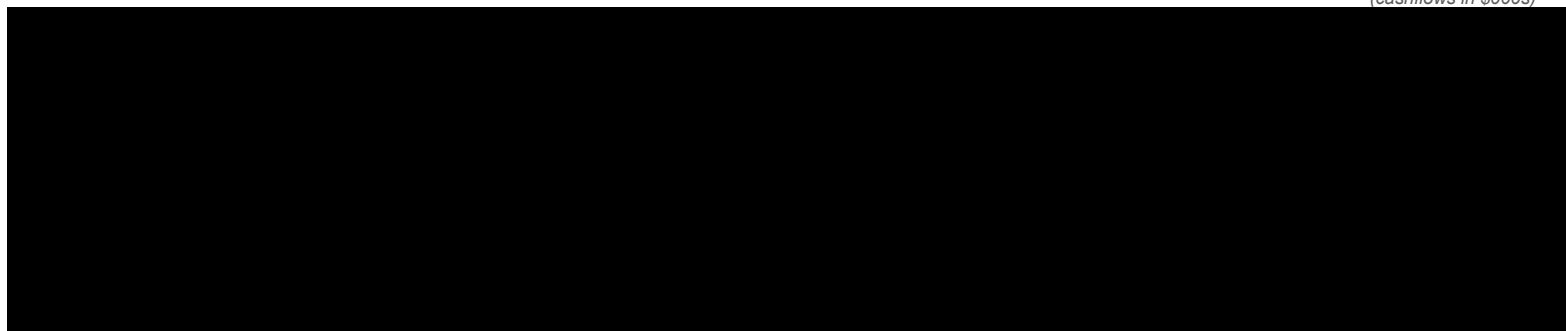
TODAY vs. PROPOSED: Annual Compensation (excl. Equity)

(cashflows in \$000s)



TODAY vs. PROPOSED: Annual Compensation (including

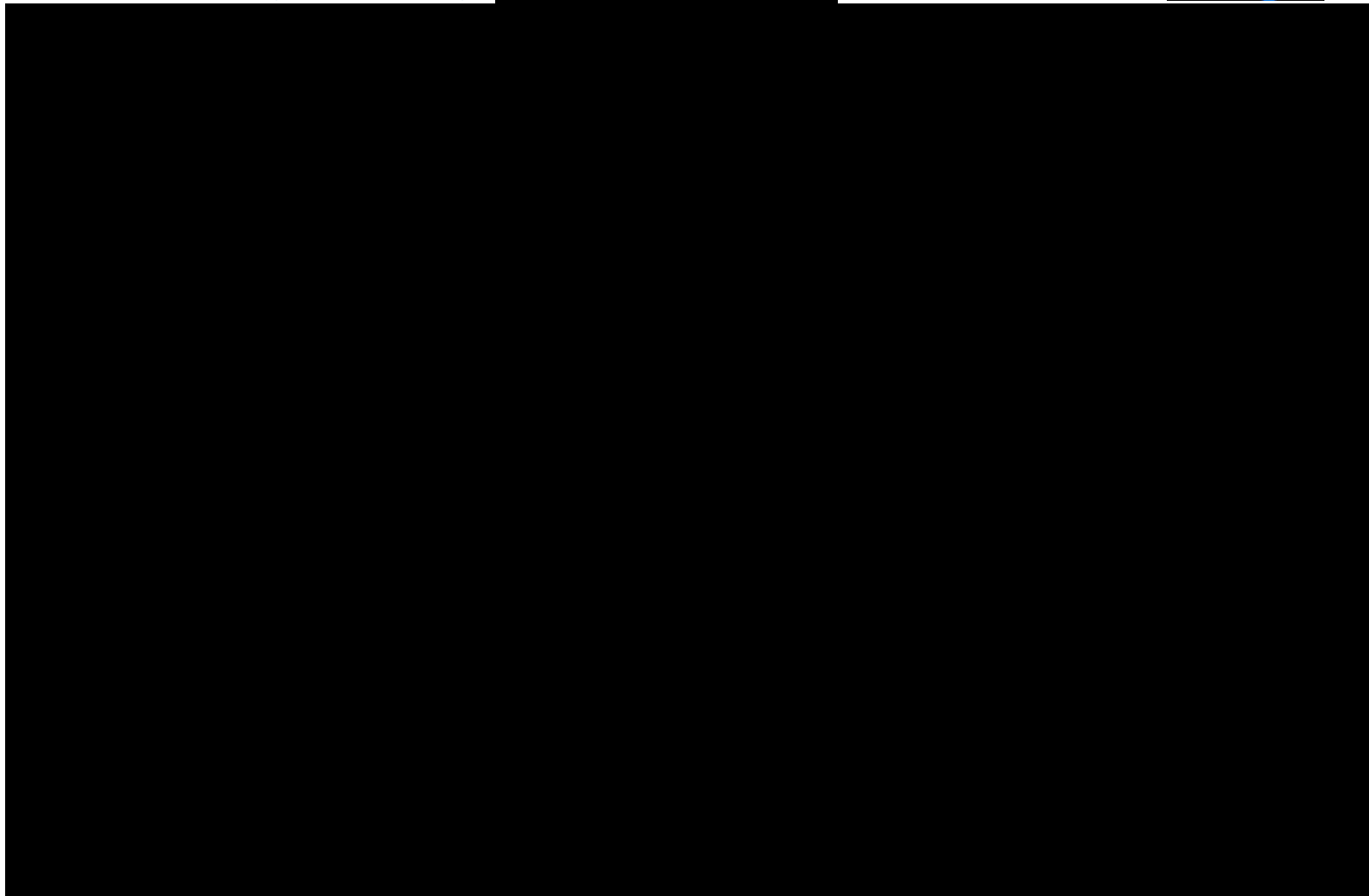
(cashflows in \$000s)



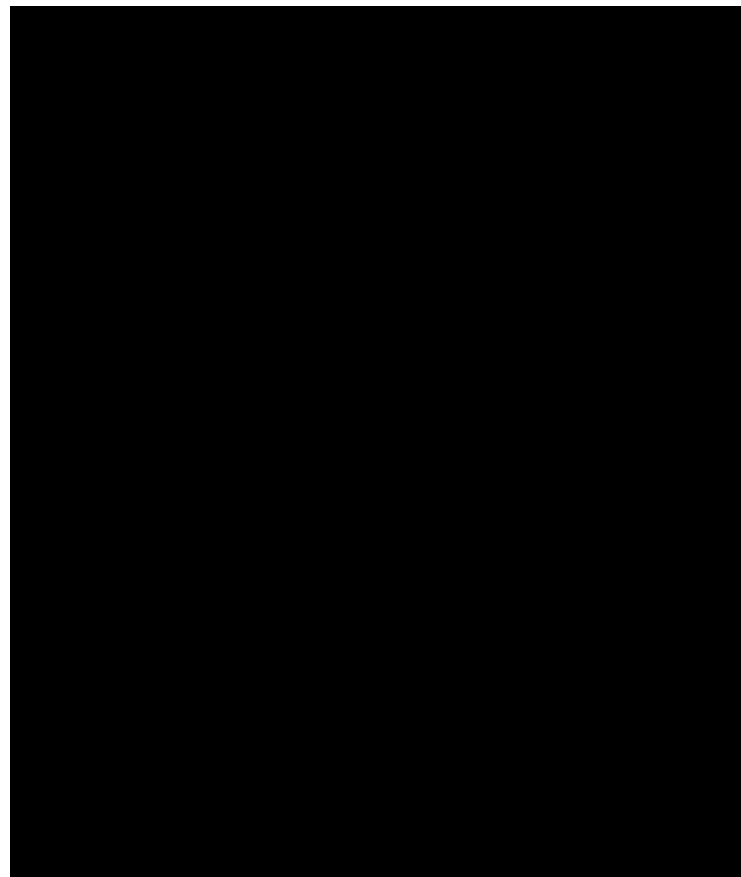
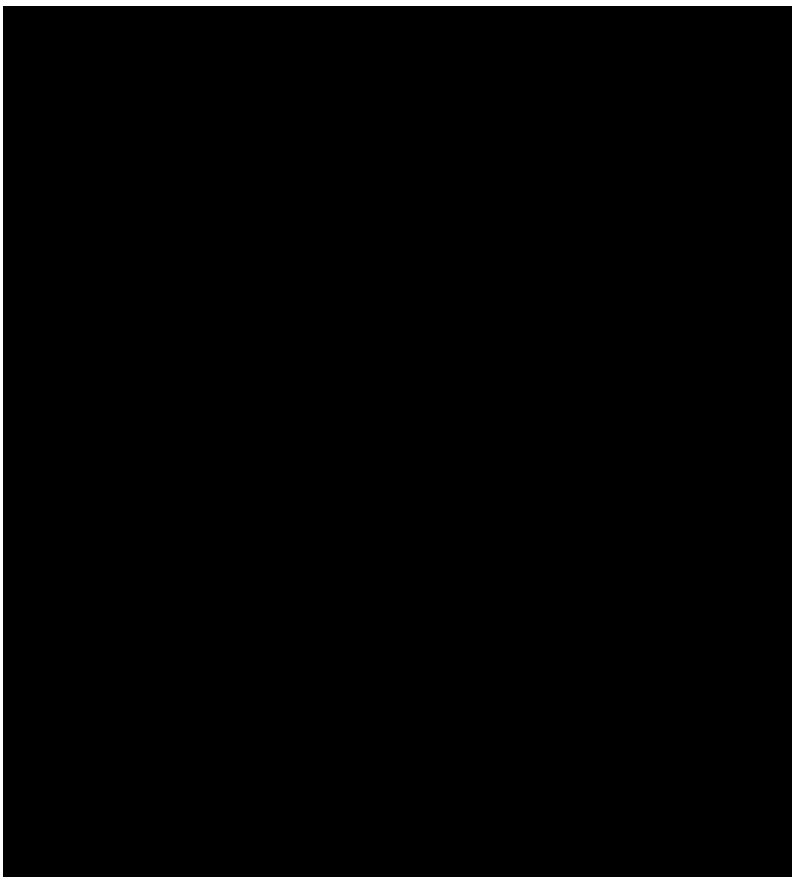
1. CM of [redacted] reflects lowest historical Company Multiplier; Individual Multiplier = [redacted]

TBD: New IM curve

Pay is skewed towards exceptional performers with discretionary cash and equity opportunity ([REDACTED])



Considerations to address during future OC meetings



Appendix

Our proposed equity guidelines are changing by the same percent consistently by function



The chart below highlights impact of proposed guideline targets on each of Google's current US equity guideline families

(values in \$000s)

Level	Equity	Old "T" / Guideline - 95				Old "O" / Guideline - 5		Old "E" / Guideline - 11		Sales	
	Mult. As %	Full-Value Equity		Full-Value Equity		Full-Value Equity		Full-Value Equity		Full-Value Equity	
	of Current Guideline	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed

Google's equity dilution sensitivity to stock price and headcount growth

NOT READY FOR REVIEW:
Need to add charts



TBD: INSERT DILUTION IMPACT OF EQUITY BANG

DO WE WANT TO INCLUDE THIS SLIDE IN THE APPENDIX WE HAND OUT TO OC?

The median annual dilution of our competitors is ~1.65%



Competitor Business Performance & Equity Dilution Detail

Company ¹	Last 1-Year Growth			Fair Value Transfer				Market Assessment			
	EEs	Revenue	Mkt Cap	Total Value	Last 1-Year Growth	% Options	% RSUs	FVT as % of Mkt Cap	Annual Dilution	FVT per EE (Broad)	FVT per EE (New Hire)
Amazon	22%	29%	(43%)	\$374.3 M	(47%)	0%	100%	1.70%	1.70%	\$18.1 k	\$33.3 k
Apple	48%	35%	(25%)	\$1,146.0 M	77%	51%	49%	1.13%	1.61%	\$35.8 k	\$65.9 k
Cisco	7%	13%	(27%)	\$1,768.3 M	6%	86%	14%	1.37%	2.89%	\$26.7 k	\$49.2 k
Dell	(7%)	(0%)	(55%)	\$247.3 M	(59%)	31%	69%	1.33%	1.59%	\$3.2 k	\$5.9 k
eBay	5%	11%	(59%)	\$504.3 M	(4%)	34%	66%	2.82%	3.66%	\$31.1 k	\$57.3 k
EMC	12%	12%	(46%)	\$309.2 M	(13%)	56%	44%	1.47%	2.44%	\$7.3 k	\$13.5 k
Hewlett Packard	87%	13%	(30%)	\$988.4 M	46%	17%	83%	1.07%	1.34%	\$3.1 k	\$5.7 k
Intel	(3%)	(2%)	(47%)	\$625.2 M	(39%)	23%	77%	0.77%	1.04%	\$7.5 k	\$13.7 k
IBM	3%	5%	(25%)	\$386.0 M	(31%)	0%	100%	0.34%	0.34%	\$1.0 k	\$1.8 k
Microsoft	15%	18%	(9%)	\$2,475.9 M	24%	0%	100%	0.99%	1.10%	\$27.2 k	\$50.1 k
Oracle	2%	4%	(17%)	\$547.2 M	19%	100%	0%	0.56%	1.38%	\$6.4 k	\$11.7 k
Qualcomm	20%	26%	3%	\$822.4 M	45%	100%	0%	1.16%	3.10%	\$53.4 k	\$98.3 k
Sun Microsystems	2%	0%	(56%)	\$312.5 M	14%	62%	38%	3.81%	4.12%	\$9.0 k	\$16.5 k
Yahoo!	(5%)	3%	(45%)	\$270.2 M	(62%)	25%	75%	1.59%	1.82%	\$19.9 k	\$36.6 k
90th Percentile	40%	28%	(11%)	\$1,581.6 M	46%	96%	100%	2.48%	3.49%	\$34.4 k	\$63.3 k
75th Percentile	19%	17%	(25%)	\$946.9 M	22%	60%	82%	1.56%	2.78%	\$27.1 k	\$49.8 k
50th Percentile	6%	12%	(37%)	\$525.7 M	1%	33%	67%	1.25%	1.65%	\$13.5 k	\$24.9 k
25th Percentile	2%	3%	(47%)	\$327.9 M	(37%)	18%	40%	1.01%	1.35%	\$6.6 k	\$12.2 k

1) All peer market data as of last FYE

** New Hire FVT per EE not publicly available on a per company basis. Per Radford LTI data and Buck Consulting's 2006 Long-term Incentive Survey, Custom Peer Company Cut, a ratio of 1.84x new hire to ongoing equity applied

Slide Graveyard

Both proposals are total spend cost-neutral (\$6.1B); however, cash spend and margin impact varies



NOT READY FOR REVIEW:
Numbers need to be updated

Component	Current	Equity Bang
Salary		
Bonus		
Discretionary Bonus		
Total Cash		
Op Margin Impact¹		
Equity Budget ²		
Total		

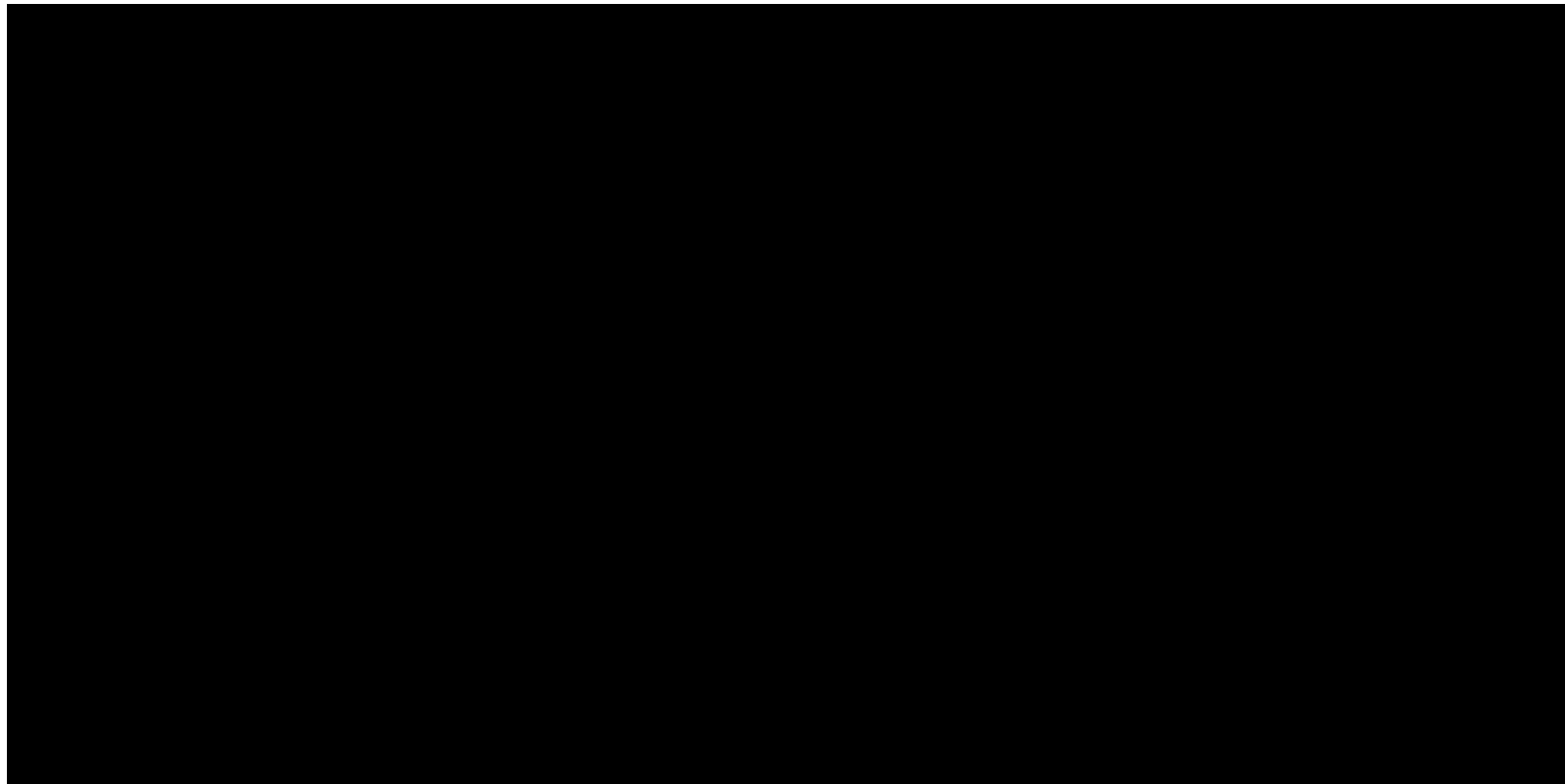


1. Operating margin impact reflects 2010 forecast as of July 7; revenue = [REDACTED], non-GAAP operating margin = [REDACTED], operating margin = [REDACTED]
2. 2010 actual dilution estimated at [REDACTED]
3. Subject to Board approval

Who is leaving?



- Regretted attrition generally increases with tenure; there appears to be opportunity at the 2 year mark
- With the exception of G&A, there is not a marked difference in overall attrition by job level



Source: PeopleView Attrition Dashboard Includes voluntary regretted terms from 7/31/09 – 7/31/10.

People Analytics

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Where are they going?



- In the past year, the majority of Eng/Ops and Product regretted exits left for small companies or start ups
- This is the case irrespective of the profile of hire (whether they joined Google from a small, med, or large company)

Option after Leaving Google

7/31/09 – 7/31/10 regretted terms

Eng/Ops & Product Regretted Exits

where they came from & left to by company size



Source: PeopleView Attrition Dashboard Includes voluntary regretted terms from 7/31/09 – 7/31/10.

People Analytics

Two proposals address attrition via compensation, but the primary pay vehicle (cash, equity) varies for each



"Wow" Factor	
Salary	
Bonus Targets	
Company Multiplier	
Equity Refresh	
Total Cost	
Op Margin Impact	
Improve Pay Predictability	
Implementation	